

Buy

(Maintained)

Bank Jago (ARTO IJ)

3Q25 Earnings Miss on CoF Pressure; Signs of Improvement from Sep25 Onward

Last Price (Rp)	2,360
Target Price (Rp)	3,100
Previous Target Price (Rp)	3,300
Upside/Downside	+31.4%

No. of Shares (mn)	13,856
Mkt Cap (Rpbn/US\$mn)	32,701/1,968
Avg, Daily T/O (Rpbn/US\$mn)	23.6/1.4
Free Float (%)	45.6

Major Shareholder (%)	
Metamorfosis Ekosistem	29.8
Dompet Karya Anak Bangsa	21.4

EPS Consensus (Rp)			
	2025F	2026F	2027F
BRIDS	20.1	32.9	56.0
Consensus	19.8	38.8	69.5
BRIDS/Cons (%)	1.4	(15.2)	(19.5)

- ARTO booked NP of Rp72bn in 3Q25 (+8% qoq, +101% yoy), pressured by higher CoF, bringing 9M25 below est. at Rp199bn (+132% yoy).
- ARTO's CoF rose 35bps qoq to 4.5% on tightened liquidity but CoF improved 5bps in Sep25 and continuing in MTD Oct25.
- We maintain our Buy rating but lowered our FY25-27F est. to account for higher CoF, resulting in a lower TP of Rp3,100.

9M25: Robust earnings amid CoF pressure and higher CoC

In 9M25, ARTO's net profit reached Rp199bn (+132% yoy), below ests. at 69%/73% of our/cons FY25F. NIM rose to 8.5% (+134bps yoy), offsetting a higher CoC of 4.0% (+251bps yoy), consistent with ARTO's higher-risk lending strategy. CASA ratio fell to 48% (-845bps yoy) and CoF rose to 4.5%, though management indicated easing pressure from Sep25 onward. CIR improved to 58% (-2,007bps yoy) as stronger NIM and fee income offset higher opex. NPL and LaR remained manageable at 0.4% and 5.9%, respectively.

3Q25: Affected by higher CoF and operating costs despite robust income

ARTO booked Rp72bn net profit in 3Q25 (+8% qoq, +101% yoy), showing solid annual growth, though monthly momentum slowed due to higher CoF. NIM rose 20bps qoq to 8.3%, supported by higher EA yield that offset a 35bps CoF rise, reflecting reduced insurance coverage. Loans grew 9% mom and deposits 7% mom, pushing LDR to 98%, with GOTO-related loans at 20-21% and new direct lending at 4-5%. Fee-based income rose 15% qoq and 53% yoy, though this also lifted opex. Opex remained high at Rp424bn (+4% qoq, +22% yoy), mainly from manpower and IT costs.

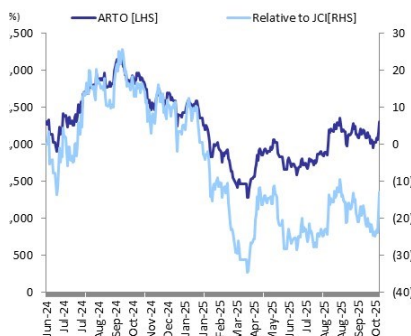
Remain cautiously optimistic in direct lending and better CoF

Management guides FY25F loan growth at 35–40%, with CoF expected to improve further in 4Q25. CoC is guided to stay below 4%, while opex growth remains above 20% before easing to mid-teens longer term. CIR is targeted below 60% in 2025F and below 40% over time. Risk-adjusted NIM should improve in FY26F, driven by direct lending and lower CoF. ARTO plans to expand retail offerings through insurance and gold-related products.

Maintain Buy with a lower TP of Rp3,100

We maintain our Buy rating on ARTO, supported by a robust loan growth outlook, solid asset quality, and better margin for 2H25. We lowered our FY25/26/27F estimates by 4.2/6.6/1.1% to account for higher CoF, lowering our TP to Rp3,100, based on a 3-stage DDM, with an LTG assumption of 8.0% and a CoE of 10.0%. Risks to our view include higher CoF and higher CoC.

ARTO relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	488	485	1,253	1,725	2,478
Net profit (Rpbn)	72	129	278	456	776
EPS (Rp)	5.2	9.3	20.1	32.9	56.0
EPS growth (%)	354.7	77.6	116.3	64.0	70.2
BVPS (Rp)	603.1	614.8	634.9	667.8	723.8
PER (x)	451.9	254.4	117.7	71.7	42.1
PBV (x)	3.9	3.8	3.7	3.5	3.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	0.9	1.5	3.2	5.1	8.0

Source: ARTO, BRIDS Estimates

Exhibit 1. ARTO's 3Q25 earnings summary

ARTO - Financial (Rpbn)	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	500	804	874	9%	75%	1,412	2,467	75%	3,305	3,131	75%	79%
Interest expense	131	230	263	14%	100%	335	690	106%	843	827	82%	83%
Net interest income	369	575	611	6%	66%	1,077	1,777	65%	2,461	2,303	72%	77%
Other operating income	78	104	120	15%	53%	211	322	53%	339		95%	n/a
Operating expenses	347	408	424	4%	22%	1,007	1,221	21%	1,593		77%	n/a
PPOP	101	271	307	13%	205%	281	879	213%	1,208	1,109	73%	79%
Provision	55	185	215	16%	293%	170	623	268%	834	758	75%	82%
Operating Profits	46	86	92	7%	101%	111	256	130%	373	349	68%	73%
Net profits	36	67	72	8%	101%	86	199	132%	290	274	69%	73%
Loans	17,256	21,434	23,465	9%	36%	17,256	23,465	36%	22,898		102%	n/a
Customer deposits	16,943	22,431	23,893	7%	41%	16,943	23,893	41%	23,732		101%	n/a
				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%)	10.3	13.5	13.8	↑ 26	↑ 346	10.7	14.0	↑ 332				
Cost of fund (%)	3.3	4.2	4.5	↓ 35	↓ 123	3.1	4.2	↓ 111				
NIM (%)	6.8	8.1	8.3	↑ 20	↑ 154	7.1	8.5	↑ 134				
CIR (%)	77.5	60.1	58.0	↑ (213)	↑ (1,952)	78.2	58.1	↑ (2,007)				
Cost of credit (%)	1.3	3.5	3.8	↓ 28	↓ 250	1.5	4.0	↓ 251				
ROE (%) - ann	1.7	3.1	3.3	↑ 22	↑ 161	1.4	3.1	↑ 172				
CASA ratio (%)	56.7	51.0	48.2	↓ (281)	↓ (845)							
LDR (%)	101.8	95.6	98.2	↓ 266	↑ (364)							
NPL ratio (%)	0.2	0.3	0.4	↓ 11	↓ 15							
LaR ratio (%)	3.5	5.2	5.9	↓ 68	↓ 243							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. ARTO's Changes in Forecast

ARTO - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%	2027F (Prev)	2027F (Curr)	Δ%
Net Interest Income (Rpbn)	2,461	2,441	(0.8)	3,096	3,089	(0.2)	4,136	4,115	(0.5)
PPOP (Rpbn)	1,208	1,253	3.8	1,708	1,725	1.0	2,412	2,478	2.7
Net profit (Rpbn)	290	278	(4.2)	488	456	(6.6)	784	776	(1.1)
BVPS (Rp)	636	635	(0.1)	671	668	(0.5)	728	724	(0.5)
Gross Loans (Rpbn)	22,898	24,155	5.5	29,718	31,348	5.5	38,567	40,683	5.5
Customer Deposits (Rpbn)	23,732	25,677	8.2	30,493	33,746	10.7	39,496	43,705	10.7
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	9.0	8.7	(28)	9.3	8.9	(41)	9.8	9.3	(46)
Cost of Funds	3.8	4.1	30	3.9	4.0	11	3.8	3.9	14
Gross NPL Ratio	0.2	0.2	-	0.2	0.2	-	0.2	0.2	-
Cost/Income Ratio	56.9	56.8	(6)	51.1	53.1	196	47.7	49.5	182
ROAE	3.3	3.2	(14)	5.4	5.1	(34)	8.1	8.0	(5)

Source: Company, BRIDS Estimates

Exhibit 3. ARTO's Changes in Forecast

Phase	High-growth	Transitory	Mature										
Risk free rate (Rf)	6.0%	6.0%	6.0%										
Market return rate (Rm)	12.6%	11.3%	10.0%										
Beta (β)	1.50	1.25	1.00										
Risk premium (Rm-Rf)	6.6%	5.3%	4.0%										
Ke = Rf+β(Rm-Rf)	15.8%	12.6%	10.0%										
Return on equity (average)	3.1%	16.7%	20.4%										
Grow th rate (CAGR)	44.3%	31.0%	8.0%										
Expected dividend payout ratio (average)	0.0%	35.4%	60.8%										
	0	0	0	0	1	2	3	4	5	6	7	8	9
Forecast year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Equity book value/share	595	596	603	615	635	668	724	801	903	1028	1152	1273	1384
<i>Return on equity</i>	<i>1.0%</i>	<i>0.2%</i>	<i>0.9%</i>	<i>1.5%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>7.7%</i>	<i>10.8%</i>	<i>14.1%</i>	<i>17.4%</i>	<i>18.1%</i>	<i>19.3%</i>	<i>20.4%</i>
Earnings per share	6.2	1.1	5.2	9.3	20.1	32.9	56.0	86.5	127.7	178.5	208.3	245.8	282.4
<i>growth</i>		<i>-82%</i>	<i>355%</i>	<i>78%</i>	<i>116%</i>	<i>64%</i>	<i>70%</i>	<i>54%</i>	<i>48%</i>	<i>40%</i>	<i>17%</i>	<i>18%</i>	<i>15%</i>
Payout ratio	0%	0%	0%	0%	0%	0%	0%	10.1%	20.3%	30.4%	40.5%	50.6%	61%
Dividend per share	-	-	-	-	-	-	-	8.8	25.9	54.2	84.4	124.4	171.6
Cost of equity					15.8%	15.8%	15.8%	14.9%	13.9%	12.9%	11.9%	11.0%	10.0%
Cumulative cost of equity	1.000	1.000	1.000	1.000	0.863	0.745	0.643	0.560	0.492	0.435	0.389	0.351	0.319
Present value	-	-	-	-	-	-	-	4.90	12.72	23.62	32.83	43.62	54.67
TP	IDR 3,100												

Source: Company, BRIDS Estimates

Exhibit 4. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	1,875	2,053	3,393	4,351	5,701
Interest Expense	(309)	(499)	(952)	(1,261)	(1,586)
Net Interest Income	1,565	1,553	2,441	3,089	4,115
Non-Interest Income (NII)	197	291	462	590	794
Oper. Income	1,762	1,844	2,902	3,679	4,909
Oper. Expenses	(1,274)	(1,360)	(1,649)	(1,954)	(2,431)
Pre-provisions profit	488	485	1,253	1,725	2,478
Provisions & Allowances	(401)	(304)	(895)	(1,140)	(1,482)
Operating Profit	87	181	358	586	996
Non-Operating Income	7	(1)	(1)	(1)	(1)
Exceptionals	0	0	0	0	0
Pre-tax Profit	94	179	356	584	995
Income Tax	(21)	(51)	(78)	(129)	(219)
Minorities	0	0	0	0	0
Net Profit	72	129	278	456	776

Exhibit 5. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	12,592	17,644	24,155	31,348	40,683
Provisions	(242)	(289)	(403)	(532)	(703)
Net Loans	12,349	17,355	23,751	30,816	39,980
Govt. Bonds	0	0	0	0	0
Securities	2,957	4,166	4,166	4,583	5,958
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	18,274	25,175	30,691	38,530	49,525
Fixed Assets	204	227	232	244	247
Non-Earnings Assets	1,904	2,516	2,100	2,192	2,039
Total Assets	21,296	28,543	36,069	44,886	55,570
Customer Deposits	11,892	18,598	25,677	33,746	43,705
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	175	207	213	218	223
Total Liabilities	12,939	20,024	27,272	35,633	45,840
Share capital & Reserves	8,522	8,555	8,555	8,555	8,555
Retained Earnings	(165)	(36)	242	698	1,473
Shareholders' Funds	8,357	8,519	8,797	9,253	10,029
Minority interests	0	0	0	0	0
Total Equity & Liabilities	21,296	28,543	36,069	44,886	55,868

Exhibit 6. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	11.3	9.4	12.1	12.6	12.9
Cost of funds	2.9	3.1	4.1	4.0	3.9
Interest Spread	8.4	6.4	8.1	8.5	9.0
Net Interest Margin	9.4	7.2	8.7	8.9	9.3
Cost/Income Ratio	72.3	73.7	56.8	53.1	49.5
Oper. Exp./Oper. Gross Inc.	95.8	92.3	90.7	88.1	84.7
Gross NPL Ratio	0.7	0.2	0.2	0.2	0.2
LLP/Gross NPL	257.0	1,016.4	1,027.4	1,033.0	1,041.8
Cost of Credit	4.1	2.0	4.3	4.1	4.1
Loan to Deposit Ratio	105.9	94.9	94.1	92.9	93.1
Loan to Funding Ratio	105.9	94.9	94.1	92.9	93.1
CASA Mix	66.3	53.5	48.9	47.5	47.6
ROAE	0.9	1.5	3.2	5.1	8.0
ROAA	0.4	0.5	0.9	1.1	1.5
CAR	56.0	34.8	28.2	23.3	19.6

Exhibit 7. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	0.5	0.7	1.1	1.4	2.0
Tax Retention rate	77.3	71.7	78.0	78.0	78.0
Post-Tax ROAA	0.4	0.5	0.9	1.1	1.5
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.3	3.0	3.7	4.5	5.2
ROAE	0.9	1.5	3.2	5.1	8.0
Growth (%)					
Interest income	25.0	9.5	65.3	28.2	31.0
Net Interest Income	15.7	(0.8)	57.1	26.6	33.2
Other Oper. Expenses	24.3	6.7	21.3	18.5	24.4
Fee Based Income	147.9	47.7	58.7	27.8	34.5
Pre-Provision Oper. Profit	20.4	(0.7)	158.6	37.7	43.6
Net Profit	354.7	77.6	116.3	64.0	70.2
Shareholders' Equity	1.1	1.9	3.3	5.2	8.4
Loan	74.3	40.1	36.9	29.8	29.8
Earnings Asset	22.0	37.8	21.9	25.5	28.5
Deposit	53.5	56.4	38.1	31.4	29.5
Int. Bearing Liab.	49.5	54.6	36.8	31.0	28.9
CASA	38.9	26.4	26.1	27.7	29.7
Total Asset	25.5	34.0	26.4	24.4	23.8

Source: ARTO, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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